

# AMERICAN MANAGEMENT REVIEW

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# AMERICAN MANAGEMENT REVIEW

January, 1925

## THE MEMBERS' FORUM

### Management's Responsibility to the "Leaders of Tomorrow"

One of the most reassuring signs of the present day is the consideration which is being given by the employer, and by management generally, to the problem of shaping, not merely the careers, but the character of boys and young men employed by them. It would seem as if civilization is steadily progressing towards the ultimate realization that to a certain extent at least we are each our brother's keeper.

The old days of indifference to the young worker, the attempt to secure as much labor as possible at lowest prices, have gradually been eliminated and, with higher intelligence and more constructive understanding in management, the realization has come that a great responsibility as well as a great opportunity is involved in controlling and directing the young mind. The boy of today working in the shop, factory or office is of a higher average intelligence probably than the youth of twenty, thirty or forty years ago, but he is surrounded today by distractions which did not exist in these older days. He is more in need of proper direction and opportunity to develop himself and to strengthen himself against the things which will divert, if not poison, his mind.

Therefore the duty of the employer to help formulate the character of his young workers is clear and it is imperative from a selfish point of view even if we exclude the patriotic thought. These boys of today will be the directive force in the country tomorrow, politically and industrially. No man can be shortsighted enough, or selfish enough, to take the position that so long as all is well with the Republic, economically and politically, today, he does not care about its future. That is not the attitude of a good citizen or an intelligent man.

When you realize the possibility of molding the character of future

citizens and advancing them along proper lines towards the goal of justifiable and honorable ambition for higher and better things you see an opportunity of a most desirable character. A constructive interest in youthful employees is merely the exercise of business acumen looking to the future stability of business and of the country. The education received in school is merely a foundation; the great work of character building is done in the home and should be supplemented in the shop or office. The boy out of high school who is employed is at a most critical age where he may be diverted from right thinking and right doing and adopt, if nothing worse, a casual indifference towards life and work, with ambition subordinated to mere superficial pleasure. On the other hand he is at the plastic age where proper co-operation, help, sympathy and intelligent directive force may make him a most valuable and useful citizen.

Whatever is done by employers to supplement the home, in character training and character building, is a patriotic duty. The shop, the office, the counting house should, to some extent at least, take the place of the college for the boy who finishes his education with high school, and there are even greater possibilities for directing work in the shop, office and counting room than there are in the college. The employment of the youth of the country is a sacred and patriotic trust.

E. H. H. SIMMONS, *President, New York Stock Exchange.*

### Employee Follow-up and the Rating Scale

The employment interviewer no longer *hires*. He *selects*, and recommends his "prospect" to the line executive for final decision. Authorities on personnel practice have now quite generally agreed on this as an improvement in procedure.

But they still tell us about the "follow-up interview," with the interviewer and the new employee playing the leading roles. Thus: a few days after the new employee has started work, we find the interviewer chatting with the man in the shop, asking how he is getting along, etc. This is "follow-up"!

As employment manager of a textile mill the writer found that this traditional personnel practice was not an unmixed blessing. While recognizing the necessity of keeping in touch with the new employee until he has become "acclimated," several undesirable by-products were noted as the result of the personal interview with the new employee "on the job."

First, the employment man appears in the role of "meddler." Often there is some small matter on the new employee's mind—some trivial routine detail is "different" as compared with his previous place of employment. As he talks with the employment man about it the thing assumes an exaggerated



importance. The employment man takes it up with the management, the matter is investigated and reduced to its true proportions and the employment man's judgment is silently condemned. The chances are that the new employee would never have thought he had a "grievance" if he had not been invited to talk about it.

Again, the authority of the foreman is necessarily weakened. When a representative of the higher management thus seeks out a new employee the latter unconsciously absorbs an idea—if ever he should get into trouble, the employment office, and not the foreman, is his haven of refuge.

### The Qualification Rating Scale

In order to avoid these difficulties and at the same time maintain an effective follow-up, the qualification rating scale was brought into play. But this necessitated a thorough overhauling and remodeling of that worthy instrument.

Qualification rating scales have neither attained the high place in personnel practice that they deserve nor accomplished the results predicted for them by their originators. The main reason seems to be that both the psychology of the rater and the needs of the organization have been largely disregarded.

In the first place the qualities or characteristics to be rated are usually referred to in abstract, bloodless terms that may mean anything or nothing—integrity, loyalty, industry, adaptability, cooperativeness, and so on. As the meaning of such words varies with the background and temperament of the rater, long *finely printed* definitions cumber the rating sheet. The conscientious rater plods through this mass of verbiage—and emerges confused, damning all rating scales and this one in particular.

### Application of the Rating Scale

Secondly, qualification rating scales have almost invariably been formulated and put into effect with no *definite* purpose in view. It has been decided that it might be valuable to rate employees once every six months, or once a year, but the rating scale has served no specific and urgent need at a given time. The busy executive cannot be criticised for failing to respond to an instrument that is unfamiliar and difficult to understand, while the many pressing problems of his position are demanding attention and especially when his hasty or inexperienced handling of that instrument may involve him in differences of opinion with other, and higher executives.

Briefly, most qualification rating scales seem to have been designed more to furnish suitable material for research, than to serve as effective instruments in personnel practice.

The accompanying rating form was used successfully as a follow-up

device in a hosiery mill, and is now securing equally favorable results in a large industrial plant including machine shops, foundries, etc. In the former organization the great majority of the employees were females, while in the latter, of course, the reverse is true.

### How the Form Is Used

The personnel office fills in the information at the head of the form and sends it to the foreman (or immediate superior) routed through the shop superintendent and general foreman. The form returns to the personnel office by the same route. Two reports are secured, one when the new employee has been *on the job* for ten working days, and another report twenty working days later. In rare cases, when it is desired to give an unsatisfactory employee the benefit of every doubt, a third report is secured.

#### Report on New Personnel

|                                      |                                           |                                                |
|--------------------------------------|-------------------------------------------|------------------------------------------------|
| Date .....                           |                                           |                                                |
| Name .....                           | Dept. ....                                | Sect. ....                                     |
| Job .....                            | Rate .....                                | No. ....                                       |
| Date started .....                   |                                           | Days actually worked to date .....             |
| <i>Ability</i>                       | <i>Attitude</i>                           | <i>General</i>                                 |
| Incompetent <input type="checkbox"/> | Hard worker <input type="checkbox"/>      | Outcome uncertain <input type="checkbox"/>     |
| Limited <input type="checkbox"/>     | Attentive <input type="checkbox"/>        | Recommend change <input type="checkbox"/>      |
| Qualified <input type="checkbox"/>   | Indifferent <input type="checkbox"/>      | Progress satisfactory <input type="checkbox"/> |
| First class <input type="checkbox"/> | Needs discipline <input type="checkbox"/> | Valuable employee <input type="checkbox"/>     |

NOTE: Place a check mark in one square in each list.

#### Remarks:—

|       |       |       |
|-------|-------|-------|
| ..... | ..... | ..... |
| ..... | ..... | ..... |
| ..... | ..... | ..... |
| ..... | ..... | ..... |

|              |               |              |
|--------------|---------------|--------------|
| Signed ..... | Signed .....  | Signed ..... |
| Foreman.     | Gen. Foreman. | Dept. Sup.   |

It will be noted that the rater's task is limited to three pencil check marks and his initials; and that the terms used are of the short, blunt sort in common use in the shops. The result is that the only point that has required explanation is: "the employee is to be rated *for the job that he is now filling.*" Occasionally a helper will be rated "*limited in ability,*" whereas as a helper he may be all that could be desired.

An unexpected development has been that the shop executive usually takes the initiative when the report shows an employee to be unsuitable either by transferring him to another job in the same department or by recommending to the personnel department that he should be discharged or transferred elsewhere in the organization.

The use of the qualification rating scale in follow up has proved beneficial to all concerned:

1. The foreman plans to be able to make an intelligent report and, therefore, keeps in close touch with the new employee. He gets to know his men better and improves as a foreman.
2. The shop superintendent and general foreman automatically secure uniform information on all new personnel instead of in special cases only.
3. The employee is eventually placed where he is most valuable and, therefore, enjoys the best possible rate.
4. The employment interviewer sees the reports and checks up his own selective judgment.
5. The personnel manager is in a position to judge the interviewer's ability.
6. The company can refer to the ratings on the employee's record card whenever necessary; and does not have to wait until a general lay off to get rid of the amiable incompetent whom the foreman does not have the heart to fire.

#### Checking a Worker's Qualifications

The ratings from these follow-up forms are entered on the employees record card in code, using a single number combining three digits. The items in each column are assigned the numbers 1, 2, 3, and 4, running from best to worst. Thus, the combined number "312" is made up as follows:

"3" indicates "limited" under "ability."

"1" indicates "hard worker" under "attitude."

"2" indicates "progress satisfactory" under "general."

In this code III indicates the best possible report, and 444 the worst.

It will be noted that "1" is assigned to the *best* quality in any column, although in the second column (under "attitude") the best quality ("hard worker") is at the top instead of at the bottom and the order of items run down instead of up. This arrangement is designed so that the foreman must consider each separate column carefully, and mark it without reference to the others; instead of thoughtlessly checking all items on the same line across the paper on the basis of a vague general impression "for" or "against" the employee.

In addition to combining two theoretical personnel methods to secure an effective practical instrument, this follow-up system falls in line with the more advanced, and logical, philosophy of personnel management.

If the line executive hires the employee, then the follow-up also logically belongs in his domain, the personnel department merely providing the machinery for routing and recording, and making sure that each case is given proper attention and consideration.

WM. H. WOODRUFF, *Asst. Personnel Director, Ingersoll-Rand Company.*

# THE MANAGEMENT INDEX

## Abstracts and News Items

### 332. FINANCIAL MANAGEMENT

#### Forecasting the Underlying Cycles

The subsidiary cycles of general business are discussed by the assistant to the president of the Walworth Manufacturing Company, and are illustrated in several detailed charts. A table of sources and methods will enable an administrator to construct cycle indexes of the phases of business affecting his own industry. Reference is made to Carl Snyder's recently developed velocity index, as an excellent barometer of approaching trade changes. By Joseph H. Barber. *Management and Administration*, December, 1924, p. 591:4.

#### The Administration of the Budget

The successful administration of a business is largely dependent upon the degree of control exercised by the management. If it is to maintain adequate control over its resources it must be fortified with comprehensive information. In many businesses, the amount of capital tied up in inventories constitutes a large portion of the total available resources. If budgetary control did nothing more than to harmonize the sales, purchasing and production efforts into a force bent upon the maintenance of proper inventories, this function alone would justify its adoption. By Harry C. Senour. *National Association of Cost Accountants*, Dec. 15, 1924. 11 pages.

#### Determining Profits in Advance

Instead of being merely the historian or the sad news purveyor, the accountant is now taking his proper place in industrial forecasting. The comptroller should harmonize and control the efforts of all divisions of an industry. Two large charts

show "branch house forecasts of sales and expenses and summary of forecasts," and "estimated sales and profits by months." Several tables and smaller charts illustrate profits earned with varying sales volumes, and there is a discussion of how this may be determined, with particular reference to reapportioning the sales territory. By G. Charter Harrison. *Management and Administration*, Dec., 1924, p. 605:5½.

#### Business Is Entering Upon a New Cycle of Sustained Activity

It is significant that this present business cycle is starting off with the same combination of conditions that has existed at the beginning of some of the most notable periods of sustained prosperity in earlier years. It has long been noted that four factors are necessary to produce a period of sustained prosperity in this country. The first is increasing industrial production after a period of depression. The second is good agricultural prices. The third is increasing export demand, and the fourth is easy credit conditions. Therefore it is probable that 1925 will be a year of recovery, reaching prosperity, with greater production, larger margins of profits, accompanied with more speculation in both commodities and securities. By Leonard P. Ayres. *Trust Companies*, Nov. 1924, p. 571:1¾.

#### Lee Tire Drops 9,000 Dealers to Increase Profits

The Lee Tire & Rubber Company found that the cost of keeping accounts for 10,000 dealers dissipated the profit from the ac-

counts. The sales expense was high as well, for the product was parceled out among too many small retailers. On top of this production could not keep up with demand and many progressive dealers throughout the country suffered from a shortage of stock. So the company took up a plan to withdraw from the competitive field, and to go back to the old basis

of manufacturing. By this method they obtained the satisfaction of 1,000 dealers who could use the entire factory product instead of 10,000 who could not be adequately supplied. The net profit was greater, due to smaller selling, accounting and administrative expense. By Charles G. Muller. *Printer's Ink*, Dec. 11, 1924, p. 10:2.

## 651. OFFICE MANAGEMENT

### 651.1 Space: Location, Equipment, Arrangement

#### The Goddess of the Reception Room

At the National Cash Register Company a special room is given over to business visitors at the factory. Absolute instructions are issued that no man is to be turned away from the factory without talking to the man he wants to see. Every visitor is invited to take a trip through the factory under the direction of an experienced guide, and urged to visit the department in which he is most interested. If a salesman is unnecessarily delayed in seeing his man, he is entertained at luncheon, and after his call is finished a company car is placed at his disposal to take him to his next interview.

A few years ago it was next to impossible for the ordinary depositor in a large bank to approach the officers to talk business. The policy of hiding from the

public has, however, undergone a marked change.

No matter what a man's business may be with the Dennison Manufacturing Company, the man at the front office makes it a point to see that he is entertained while waiting, and if possible shown over the factory. After the interview is finished a car is at his disposal to take him to the station.

In the office of Kuhn, Loeb & Company any man who has real business to discuss has ready access to the office of Otto Kahn; of course, it being necessary to talk first with his secretary.

A number of large organizations have adopted the policy of placing their reception room in charge of a middle-aged man, diplomatic, well spoken and courteous. By E. C. McAnley. *Sales Management*, Dec., 1924, p. 1872:2.

### 651.3 Organization: Job Analysis, Employment, Pay.

#### The Principle of Vocational Guidance

Whether or not the vocational counsellor is or ever will be in a position to tell an individual very definitely what occupation he should enter is open to discussion. From this point of view Dr. John M. Brewer said that vocational guidance means largely vocational self-guidance; occupational adjustment as it now occurs is a cyclical event. The individual tries out what is often a thoughtlessly selected job

on which he gains a knowledge which leads to the necessity for a decision either to remain on that job indefinitely, to undertake further training or training along other lines. Finally, in the latter case, he is again in a try-out position, but this time more intelligently selected, in which the same adjustment must inevitably take place. *Notes from Institute on Vocational Guidance*, Y. W. C. A., Dec., 1924. By Madeline Metcalf.



### Proficiency Tests for Stenographers

A formal test of a stenographer's ability to take dictation, transcribe, spell, and file will do much to weed out undesirable applicants. Such a test is described and the best method of giving it outlined. By Eugene J. Bengt. *Management and Administration*, Dec., 1924, p. 615:2.

### Trying It Out on the Executive

In installing methods of fatigue study or fatigue elimination, it is wise to pick a place where a great deal of interest can be aroused, like the office of the chief executive, for instance. Carrying fatigue study into his office may seem like going a step too far—not because the executive is immune to industrial fatigue, but because he flatters himself that his work is too different to be lightened even by scientific methods. But if he uses a roll-top desk, or dictates to a stenographer, or works in a litter of papers, he is a fit subject for the fatigue specialist. By Mrs. Lillian M. Gilbreth. *Management*, Dec., 1924, p. 52:3½.

### Three Factors Vital in Hiring an Executive

A clear idea of the requirements of the job is essential, also a definite understanding of the size of the man needed, i.e., for the present or the future, as well. The new man should fit temperamentally with the rest of the organization. Up-to-date application blanks often contain apparently extraneous questions, from the answers to which, however, much may be gained by the expert interviewer. By William L. Fletcher. *System*, Dec., 1924, p. 712:4.

### The Follow-up

Miss Dorothea de Schweinitz holds that after the individual has been placed in some occupation it is desirable that his progress be checked in order that any possible assistance may be given him during the readjustment period. In addition, information can frequently be secured which is of value in checking up on training methods, in keeping occupational descrip-

tions up to date, and in supplying specific information about working conditions in various organizations. Fairly good results in securing co-operation of the individuals are obtained from postal cards or letters requesting a report or interview, though it varies with improvements in industrial conditions. The ultimate result is not only more intelligent handling of the problems of any one individual, but also training and knowledge gained by the interviewer. *Notes from Institute on Vocational Guidance*, Y. W. C. A., Dec., 1924. By M. M.

### The Interview

The first requisite of a successful interview is that the applicant be put at ease by the manner of his reception. Dr. Mary Holmes Stevens Hayes says that if this has been accomplished the difficulty of securing all necessary information is greatly lessened, and this is especially true in securing the more personal information which the applicant usually does not like to discuss. But whatever treatment the applicant receives in the reception room, he must be met by the interviewer with unflinching tact and understanding, backed up by a wide knowledge of both jobs and opportunities, as well as methods for sizing up individuals. *Notes from Institute on Vocational Guidance*, Y. W. C. A., Dec., 1924. By M. M.

### Vocational Information

The advisability of a collection of data regarding different occupations can hardly be questioned, according to Miss Beatrice Doerschuk. An accurate description of duties involved in each occupation is, of course, the most important single part of it. There are, however, other items of interest which are frequently overlooked, such as the capacity of that occupation to take care of new workers; the relationships with other occupations which make possible new jobs combining parts of two differing fields; personal qualifications, the inclusion of which might well be questioned, and financial and other returns to the individual. All this information must

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be gathered at the expense of much time in interviewing individual workers, as well as employers, and against an initial handicap of a lack of agreement on occupational language. *Notes from Institute on Vocational Guidance, Y. W. C. A., Dec., 1924.* By M. M.

#### **Mental Tests in Vocational Guidance**

Vocational selection, from the employer's standpoint, is a comparatively simple matter as compared with vocational guidance, which should be done from the point of view of the worker. Dr. A. T. Poffenberger, Jr., maintained that because vocational guidance is a very complex undertaking great responsibility rests upon the vocational counsellor. Not only must he have a wide knowledge of occupations, but in addition he should be able to measure for the special qualities needed in each type of work. Assuming a complete job survey and supporting tests, to give all the tests that would be necessary for reliable conclusions would still be a herculean task. Admittedly, tests are still in an experimental state. Even so, the value of tests

for this purpose is lessened not so much by their complexity as by their relative unreliability which makes it difficult to diagnose in a specific case even while it is quite feasible to indicate what will happen in the long run. Limits set in intelligence quotas resulting from tests have proven useful in eliminating incompetents from various occupations. *Notes from Institute on Vocational Guidance, Y. W. C. A., Dec., 1924.* By M. M.

#### **Banks Need Women**

The growing importance of women in filling executive positions in large business and financial organizations is reflected in a recent announcement by the Chase National Bank of New York of the appointment of a woman to the position of assistant cashier.

In 1914 there was but one woman employee in the entire personnel of the Chase National Bank. At the present time there are three hundred and ninety-three women among the one thousand four hundred and eighty-one employees in this large banking institution. *Pace Student, Dec., 1924.*

### **651.4 Administration: Regulations, Supplies, Communications**

#### **Modern Personnel Administration and Its Application to the Railways**

The best preparation for safety in working out a personnel program is a labor audit. The labor analyst does not undertake his work as advocate of any preconceived reforms or betterments. An analysis such as he attempts is founded upon facts concerning the particular conditions in the industry studied. The labor audit is of distinctive use to the management as a statement of current plant conditions. To the personnel director it reveals the strength and weakness of an organization, and indicates improvements for adoption. To the work force it is an instrument of penetrating inquiry into plant labor policies and practices.

The modern movement along the lines of creating within industry departments of

personnel administration is doing much to rediscover the individual and protect his physical, intellectual and spiritual powers. By Dr. Henry Clayton Metcalf. *Railway Age, Dec. 6, 1924, p. 1016-4.*

#### **Good-Bye, Detail**

It is the chronic complaint of executives that they are swamped with detail. They admit that such a condition is deplorable, but insist that they cannot trust such details to subordinates. The fact is that the executives are neglecting the big opportunities open to them while taking care of little routine matters. And it is nothing to their credit that they cannot develop subordinates to take over at least a part of the burden. The general manager of the Powers Regulator Company tried the experiment of delegating greater re-

sponsibility to his department heads, and after a six months' vacation to rid himself of surviving detail found himself freer to supervise everything without getting back into that detail again. By Harold P. Gould, based on an interview with F. W. Powers. *Management*, Dec., 1924, p. 43:4½.

### Minting Morale Into Dollars

As a basis for high morale, there must be the feeling that each and every one, from the janitor to the president, receives strict justice in the administration of the business. This feeling that everybody gets a square deal is difficult to obtain and once acquired is extremely easy to lose. A proper solution of the problem is: (1) To prohibit criticism of any person or method employed by the organization, except it be

made to the immediate chief of the person making the report. (2) If the criticism is to be made about any person, then the official who is listening to the complaint should have the censured person present. (3) No one should be reprimanded for making a criticism unless he habitually makes foolish or trivial ones. (4) In the not uncommon case of a subordinate having a criticism to make of his immediate chief, the rule should remain the same.

Few things will hurt morale more than underpaid and overpaid men. The entire organization should feel that each is receiving pay according to the value of his services. It is needless to point out that promotion or increase of pay based on friendship or relationship is fatal to good morale. By Alva Lee. *Coast Banker*, Nov., 1924, p. 789:1½.

## 651.45 Benefit Systems and Incentives: *Pensions, Profit-Sharing, Suggestions, Vacations*

### Getting Away From Your Business

In some respects any business is like a large oil painting which the artist must occasionally stand back and view as a whole to make certain he is getting the proportions right. Many a man has failed to make the most of the business he is in simply because he has not, like the artist, stood back and viewed it as a whole. He has kept so close to it that he could see only the details and as a result had not kept the proportions right as he has built it up.

A few days now and then away from the business, attending a convention, visiting some other city, even going hunting or motoring means much more than the relaxation that results.

It is said that the Bell Telephone Company was never a real financial success until a president was elected who had the faculty of getting far enough away to view the concern as a whole. He was then able to develop the different departments in such a manner as to give the correct proportions to the concern as a whole.

When the jeweler sticks too closely to his office or his store he is always in danger of being blinded by details to some of the very important features of his business.

If getting away for a few days does nothing else, it shows up the weak spots in the organization. It indicates changes that should be made to strengthen these spots and helps to guide the owner along the path which will make his business better and stronger. *Manufacturing Jeweler*, Dec. 4, 1924.

### National City Bank to Let Workers Buy \$410 Stock at \$275

An employee-ownership plan gives 8,000 employees a chance to acquire shares. This is not a Christmas gift, and is not to be regarded as a bonus payment. Under the plan it is proposed to sell 100,000 shares in the bank's capital stock. The shares will be sold to employees at \$275 a share against a market price for National City Bank stock, after allowing for the increase in capitalization, of more than \$410 a share

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Thus the subscribing employees will have a paper profit of \$135 a share. Payment will be made on an instalment plan ranging from \$5.73 a month per share on up, depending upon the salary of the individual who buys. The bank will carry the loan to the smaller salaried subscribers over a four-year period, in which no in-

terest will be charged, although they will be entitled to full credit for every dividend paid on its stock by the bank.

The plan is international in its scope, being placed before National City Bank employees in many lands, and covering its affiliated institutions. *The New York Times*, Dec. 23, 1924.

## 658. PRODUCTION MANAGEMENT

### 658.1 General: Promotion, Organization

#### Committees as Aids to Management

Functions of the development committee in a large plant in the Middle West are: to improve the products of the company and to preserve the ideals of the founders of the business. This group consists of the works manager, who is chairman; the assistant sales manager, the chief engineer, the chief inspector, the research engineer, and a designing engineer who acts as secretary. This committee is deliberative rather than executive. The latter type is exemplified in the Production Committee, which meets daily for the discussion of current orders. This committee is made up of the superintendents, general foremen, production manager, and purchasing agent, and it meets at the beginning of each month to establish a tentative billing figure for the month. A balance between production and sales is anticipated which allows the executive in charge to plan ahead accordingly. Similarly a cost committee may function with the result that all concerned co-operate toward a common goal with a complete understanding of all factors. By A. G. Peter. *Industrial Management*, Dec., 1924, p. 362:3½.

#### Manufacturing Policies That Have Offset Europe's Cheap Labor

The president of Toy Tinkers, Inc., relates his manufacturing practice, which includes such features as: weighing carefully all conditions surrounding the use of a product before manufacturing, using

automatic machinery wherever possible, making each worker an expert, synchronizing production, simplifying and standardizing. Painting is done profitably by spraying, dipping and tumbling. *Factory*, Dec., 1924, p. 779:3.

#### The Development of a Modern Hosiery Plant

A description of the development of a large hosiery plant in Iowa, that of the Rollins Hosiery Mills, during the thirty-two years of its existence. From nearly the beginning the scientific method of approach is evidenced, culminating in the most recent development of personal service, production control, standardization of methods and incentives, cost control, and marketing. Each of these is discussed in detail with a view to indicating, not simply the rather notable results attained, but the means employed for their accomplishment along modern lines and in a fashion broad enough to include the human element as a major factor. By Sanford E. Thompson and H. T. Rollins. *Mechanical Engineering*, Mid-Nov., 1924, p. 752:13.

#### How to Secure Greater Production

When we consider how management may be improved the first and most important point is the attitude of executives toward the problem. It should be remembered that substantial improvements will probably be made up of a large number of small gains. The function of industrial



management should be so organized that it will be continuously at work and so fanned out that it reaches all departments. When every industrial manager takes an affirmative attitude toward greater output per man a great renaissance in the creation of material wealth will begin that will carry working people to a standard of living and personal development not thought possible to-day. By P. W. Blair. *The Canadian Manufacturer*, Dec., 1924, p. 15:2.

#### Co-ordinating Plant Layout with Production

The conditions obtaining in the manufacturing department of the Western Electric Company. On the mechanical side

the plant is laid out in departments, each side performing some definite kind of operation and each handling all of the diverse parts that require this particular operation. The parts produced in these specialized departments pass in order through all of the departments that have work to do on them and finally reach the assembly departments, where they are made up into finished units of apparatus. Both on the mechanical and on the personnel side all production follows a definite general plan, yet the plan is sufficiently flexible to take care of all the variations introduced by our diversified manufacturing problems. By C. G. Stoll. *The Society of Industrial Engineers' Bulletin*, Dec., 1924.

### 658.2 Plant: Location, Lighting, Heating, Ventilation

#### Factors in Industrial Plant Location

The relative importance of such manufacturing necessities as cheap power, heat, natural gas and petroleum deposits, and water, vary with the industry. Generally speaking, distribution cost is the determining element in choosing a location. A map shows distribution centers, centers of employees and population in the years 1880, 1900 and 1920. The freight differential possible when raw material is manufactured at a point en route to its market makes for economy. A gradual modifica-

tion of freight rates is influencing the shifting of many industries to points where the shipping handicap has been removed. Labor in the New South, while inexperienced in factory work, has proved to be susceptible to training. Wages in this locality are low because of social and economic conditions. Industrial research has also brought about decentralization, particularly in the case of steel works, which must be located where coke may be had. By P. F. Walker. *Management and Administration*, Dec., 1924, p. 637:6.

### 658.3 Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

#### The Forty-eight Hour Week and Industrial Efficiency

One method of attacking the problem of the relation between hours of work and output is that of the work curve, which consists in a study of the variations in output of a given worker or group of workers at different periods of the working day. The results of a scientific study of the effects of changes in hours of work, or of introducing rest pauses into working hours,

and of variations in output during the working day, all tend to the general conclusion that on the whole the 48-hour week is probably the optimum length of hours, giving for the majority of industrial operations maximum output with minimum accidents, lost time, and overhead charges, and permitting an efficient distribution of working hours throughout the week and day. By P. Sargent Florence. *International Labor Review*, Nov., 1924, p. 729:30.



### **The Effect of the Shorter Work Day in Industry**

Many types of industry are affected. Shorter work days lead to greater efficiency of labor, a better living condition for the worker, and profits to the employer. These profits take the form of increased output per hour, less plant depreciation, less inefficiency in the use of men and equipment, better morale and harder work, final-

ly, better employee relations and co-operation. Reduction of working hours in Germany has had negative results owing to changes in wage methods from piece-work to rate-work, insufficient to maintain life. In addition, machinery is run down, job-tenure insecure, and management inefficient. *Notes on New York State Industrial Conference, December 1924.* By M. C. Allaben.

## **658.41 Employment: Classification, Selection, Tests, Turnover**

### **Stabilization of Employment in Industry**

Seasonal and cyclical fluctuations of labor are well demonstrated in the building trades where the workers are employed only 80 per cent of the time. There should be some flattening out of these work-peaks and depressions. Research can accomplish much, but manufacturers must be educated to remedies for their own peculiar needs: manufacturing for stock in dull times, training employees for other jobs, or introduction of supplementary lines. Industrial unrest can be settled by mediation and arbitration. Unemployment funds, purchase controls, education, all should receive greater attention as means toward spreading out the employment periods into slack times. *Notes on New York State*

*Industrial Conference, December 1924.* By M. C. A.

### **Practical Points on Labor Policy**

A discussion of the attitude of labor and the ordinary methods of avoiding a large turnover. Such practices as the continuous employment plan, stock ownership, bonus, benefit associations, thrift plans, suggestion systems, education, and works councils are described briefly as contributing to the contentment and happiness of the worker. The wise executive will always want to make wages as high as possible, as far above the minimum, so-called hiring wage as he can, for this means more satisfied and capable labor. By B. A. Franklin. *Management and Administration, December 1924, p. 611:4.*

## **658.44 Employee Service: Hygiene, Recreation, Lunch Rooms, Stores**

### **Revery and Industrial Fatigue**

The mental attitude of the man on the job is sometimes more potent in determining output than relative machine-speeds, bonus incentives, or careful vocational selection methods. Striking experimental proof of the effects of mental attitude, perhaps due in part to postural fatigue, on labor turnover and output has been found in a Philadelphia textile mill. As ordinarily carried on, the operation of spinning-mules tends to produce physical postural fatigue. Its relative monotony also induces dispersed thinking and states of revery which are apt to be pessimistic. The in-

troduction of rest-pauses relieves this condition and greatly increases production by restoring normal circulation and relieving postural fatigue, and effectively interrupting pessimistic revery. By Elton Mayo. *The Journal of Personnel Research, December 1924, p. 273:8½.*

### **Our Medical Department**

The medical department of the Eastman Kodak Company has grown and expanded with the company. Today the department employs three physicians who devote their entire time, and four others, when occasion requires. Three visiting nurses are also

employed on full time and have done much to establish good will and co-operation between the employees and the department. The average daily attendance is 250, with a weekly total of 1,500. Two finely equipped X-ray Laboratories are maintained in connection with the department, in charge of an expert X-ray technician. Examinations are made without charge to employees. *The Kodak Magazine*, Nov., 1924.

### Health of the Workers in Industry

Discussions by prominent physicians brought to attention the inverse ratio of infant mortality to wages, and the general working conditions affecting the workers' health. Greater stress should be placed upon physical examination, and the employee shown its benefits. The "white-collar-worker" is not an exception. Too many industrial diseases, later fatal, go unnoticed. The public, the medical profession, and industry must be taught their seriousness and the establishment of industrial clinics in our hospitals would be a great step forward. Legislation should provide for compensation in the event of fatalities due to occupational diseases, but it must first have a research conducted and standards of safety determined. *Notes on New York State Industrial Conference, December, 1924.* By M. C. A.

### Co-operation in the Prevention of Accidents

Great progress has been made in the prevention of industrial accidents, but greater improvement is possible. It can result from more effective education of the public, as well as industry. The best specific plan for eliminating the industrial hazard is by direct contact with the worker; place the responsibility upon the foreman. Two out of three accidents can be avoided by safety devices, and this direct instruction. Data from The Eastman Kodak Company and The Baltimore and Ohio R.R. Company showed the large percentage of injuries which are due to the em-

ployee's carelessness, and the manner in which these companies have educated their workers to a higher standard of safe conduct. *Notes on New York State Industrial Conference, December 1924.* By M. C. A.

### Safety and the Maintenance Department

The modern method is to guard all dangerous machinery and equipment, to prevent accidents. More than half our accidents are preventable. This prevention is made up of two things, the mechanical safeguarding, and the safety education which should be carried on. One of the most important factors in the prevention of accidents is goodhousekeeping in the plant and yards. A great many accidents are caused by falls over obstructions on the floor and ground. When state laws require that all dangerous machinery be guarded, it is best to do the jobs right, because three different inspectors have to pass on each guard.

The best way to reduce eye injuries is to insist on the use of goggles for chipping and grinding or for any other job where the men's eyes are subject to injury. Colored lenses are available for welding and furnace work.

Trained men are valuable assets to any plant. Managers of a great many plants recognize that the protection and safety of the men has not been given its share of their efforts as most of the stress has been laid on the efficiency of the machines. By William G. Ziegler. *Industry Illustrated*, Dec. 1924, p. 70:2.

### Safety in a U. S. Factory

The Health and Safety Department of the National Cash Register Company looks after both health and safety conditions in the entire factory. The office of this department is located in the same room with the Medical Department, which enables them to make an investigation of an accident immediately after it happens. The personnel consists of one safety director

in charge of the work, one factory inspector, and one clerk and stenographer. It has been found that the principal item in preventing industrial accidents is education rather than installing mechanical safeguards. All new employees attend an illustrated Health and Safety Lecture; bulletins are placed on the bulletin boards throughout the factory as the occasion demands; pamphlets are printed and passed out to employees when necessary, and meetings and lectures are held for members of the Safety Committees. *Industrial Welfare*, Nov. 1924, p. 350:2¾.

### Safety in the Gas Industry

The Brooklyn Union Gas Company has a central accident prevention committee. This is presided over by the engineer of manufacture. By means of committees the accident prevention idea flows constantly from the top to the bottom of the organization. A cardinal rule is that all accidents must be reported. Should an employee wilfully conceal an accident dismissal is the penalty. There is also maintained a department for the inspection of all gas appliances for the home and factory. Each article is tested and inspected before sale. All salesmen are schooled in the work and must pass an examination before going on the job. By George M. Kirchmer. *Brooklyn*, Dec. 13, 1924, p. 17:1¼.

### Wound Infections Cause Lost Time in Industry

The management in every plant should back up the surgeon in seeing to it that every foreman and superintendent sends each injured person as soon as hurt to the emergency hospital for dressing; that he is sent at such time as directed by the

doctor for redressing; that all dressing of wounds and burns by fellow-workmen, unless specifically ordered by the plant surgeon, be positively forbidden and that any violation of this rule be penalized; that no injured man be allowed to return to work without permission from the surgeon.

Every employer of labor should demand from his insurance company that he have some say as to how his injured men are to be cared for—in the choice of a surgeon and the tools with which this surgeon shall work. By A. W. Colcord, M.D. *The Nation's Health*, Dec. 1924, p. 846:3.

### Medical Service and Safety in the Chemical Plant

There is a changed attitude toward the physician in industry. He is now a part of the production and safety program rather than an independent worker. In the particular instance of the Eastman Kodak Company their intensive health work has brought very promising results, the greatest of which is that they catch diseases before they have come to the incurable stage. Chemical workers should have a general complete physical examination once a year. By Dr. Benjamin J. Slater. *National Safety News*, Dec. 1924, p. 21:1¾.

### Letting Patrons Make Own Menus

The employees plan their own menus at the Brownstein-Louis Company of Los Angeles. It is felt that by giving the employees of all departments a voice in the governing of their cafeteria a higher degree of success can be attained. This system of giving workers a voice in the affairs not only works to advantage but creates harmony in all divisions. By Sam F. Goddard. *Cafeteria Management*, Dec. 1924, p. 15:1.

### 658.447 Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

#### The Organized Group-Discussion Plan

This has proved very effective as a means of stimulating self-training by the

plant foremen, under the tactful leadership of a plant official. It differs from other group-discussion methods in that the

series of discussions follows a definitely planned program, which is got up by the company's educational director with the assistance of committees of foremen. Also, the series of discussion conferences arranged for a season forms part of a definite training program outlined for several years, each series following up the previous series. This plan has been consistently followed at the Dayton Engineering Laboratories Company plant in the past four years, during which time over four hundred foremen-executives have followed the training. The methods followed by this company in the organization and conduct of the group discussions are here set down. By J. K. Novins. *The Dodge Idea*, Nov. 1924, p. 11:2.

#### Efficiency Factors in Plant Training

Attempts to organize and control apprenticeship training and job training are justified in proportion as the cost of

training is reduced to the lowest possible minimum. Co-operation between the different interested parties must be secured if apprenticeship is to be successfully conducted in any large way. It is not sufficient for a small group of progressive men in a single city to set up a good plan of apprenticeship while other less progressive employers in the same city and in neighboring cities do nothing to promote the training of new workers.

Among the more important results which have been secured in industrial organizations where foremanship conferences have been held are the following. An improved morale, an improved co-ordination in functional organizations, a clearer definition and appreciation of job responsibilities, a more intelligent handling of "green" workers, a more intelligent following of standard procedure, and a lowering of production costs. By Frank Cushman and Charles R. Allen. *Vocational Education Magazine*, Nov., 1924, p. 1072:5½.

### 658.45 Benefit Systems and Incentives: Group Insurance, Pensions, Profit Sharing, Wage Plans, Suggestions, Vacations

#### The Importance of Thrift

Two phases of the steady widening of investment absorption reflect a direct stimulation by American corporations to promote thrift. One is the adoption of security profit-sharing among employees. The other is the introduction of "customer ownership" among the patrons of public utility companies.

The U. S. Steel Corporation, among the major industrials, inaugurated in 1903 the policy of offering stock for subscription by workers. This pioneer example has been followed by nearly 175 large corporations, in blocks of stock ranging from one to twenty million dollars.

From Pacific Gas & Electric Co., on the western coast, to Consolidated Gas Company on the eastern coast, a steadily widening circle of public utility corporations have recruited new partners among their own customers by offerings of stock.

Experience has demonstrated several essential phases of the "Save at the Shop" movement, such as the need of selling first the management, then the foreman, and finally the workers, on the plan, and by oral rather than written approach. Both employers and workers have approved. The men have gained a new incentive, a new habit, a new will to save, and have been agreeably surprised by the easily attained results. By Irving Bullard. *Stone & Webster Journal*, Dec. 1924, p. 692:18.

#### Facts About Unemployment Insurance

Problems of administering the unemployment insurance fund (agreement for which was adopted by clothing manufacturers and workers in the New York market as the result of a conference held on November 25th), are being discussed by the Amalgamated Clothing Workers' Union, the manufacturers and the contractors. Unemploy-

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ment insurance is new in New York. In Chicago it has been in operation for more than a year and a half. Some of the questions and answers regarding this situation are here given. *Industrial Relations*, Dec. 20, 1924.

#### A President's Letters to His Workers

A discussion of how profits should be divided and answers to some objections received from workers. Mr. Johnson of the well-known shoe company did not wish to make investment in stock compulsory but he did hope they would save some money in this way. He uses the word surplus rather than bonus, as being more descriptive of the conditions. By George F. Johnson. *System*, Dec. 1924, p. 724:5.

#### Industrial Unemployment Insurance

The principal provisions of the agreement between the Amalgamated Clothing Workers of America and the manufacturers of the Chicago market are presented. In a development of such an agreement the following problems occur and each is briefly treated: 1. Definition of unemployment; 2. Experience rating; 3. Period of payment of benefits; 4. Contribution by employer or employee; 5. What is industry; 6. State supervision; 7. The actuarial problem. It is hoped that such agreements will alleviate conditions in the industry, but that eventually new methods will make work available throughout the year. By S. B. Ackerman. *Management and Administration*, Dec. 1924 p. 647:3.

#### The Employee Pension Plan of Otis Elevator Co.

This company grants no pension without a thorough investigation of the home conditions of the employee. This also applies to death benefits. A direct official investigation is not made by the company for the data which it seeks. When a man has been in its employ long enough to be entitled to a pension, he usually has friends where he is employed who are in possession of the facts about his circumstances and

his dependents, who will co-operate with the Pension Committee. *Industrial Relations*, Dec. 20, 1924.

#### Factors to be Considered in Devising an Industrial Savings Plan

Savings plans, if rightly developed, are productive of good in an industry. They promote efficiency and contentment, and help reduce labor turnover. Savings must be regular and systematic or they will soon cease entirely. They must be subtracted from the pay before living expenses are paid, or doubtless will not be made at all. The amount left in the envelope must be sufficient to provide for some pleasure for the family in addition to necessities. There must be a minimum amount of difficulty in withdrawing the money for use in case of necessity. Another phase of the problem which needs far more study than it has had up to the present time is that of the amount which can and should be saved. By Miss S. Agnes Donham. *Industry*, Nov. 29, 1924, p. 1:1.

#### Group Life Insurance

An analysis of the group life insurance in force shows that it is costing employers about 1 per cent or less of their payrolls. In many groups the cost is about \$10 per employee per year or less than 20 cents a week for an average amount of \$1,000. Without doubt, it is appreciated by every employee whose services are really desired, and also by the families of those employees. By B. D. Flynn. *The Red Barrel*, Dec. 15, 1924.

#### Why 70% of Our 425 Employees are Stockholders

The President of the Pilgrim Steam Laundry tells how his employees co-operate to better production and reduce costs. He believes in treating the worker just a bit better than if he were a customer. When the worker realizes that he is not being tricked he can talk face to face with the manager with mutual respect and pleasure. The works council, one compact group of management and workers, is mainly respon-



sible for the complete co-operation which makes the business so successful. There are no stockholders outside the company. The annual meeting takes place during the Christmas season, begins with a dinner, and is followed by a dance. At this time, or at almost any other during the year, the books are open to inspection by any stockholder. By J. E. Dann. *Factory*, Dec., 1924, p. 800:3.

#### All Unions Wait Miners' Test of Own Insurance

Organized labor's ultimate decision on the feasibility of entering the insurance field in competition with commercial life insurance companies probably will be guided by the success which comes to the first venture of this kind engaged in by a trade union. Such an experiment has just been launched by the 150,000 anthracite workers in the United Mine Workers' Union. The men in the three union districts were told that nearly every one of the objections to taking out insurance with the existing com-

panies could be overcome. First of all, the rates could be fixed for \$9 a year for a \$500 policy, and even more attractive was the fact that these rates would be averaged for all the union miners, so that the man of forty or fifty would pay no more than the boy of sixteen. *N. Y. Tribune*, Dec. 14, 1924.

#### Making a Bonus System Pay Dividends

The Production Engineer of the Harder Manufacturing Corporation describes the bonus system which they originally adopted, its weaknesses, which were chiefly with the foreman's bonus, and the new plan which has been developed from their experience with the old. He lists fourteen points satisfactorily covered by the new plan. It became advisable to install a three phase bonus for the foremen, rewarding them differently for increased production, cost reduction, and suggestions. By A. W. Rowley. *Industrial Management*, Dec. 1924, p. 357:3.

### 658.46 Labor Relations: Collective Bargaining, Arbitration, Employee Representation

#### The Foreman and Organized Labor

Now and again attempts are made to commit organized labor to a policy of unionizing the foreman, which movement so far has not been taken very seriously. The better equipped the foreman is to function within the definite sphere of directly representing the management the better it is for the organization as a whole. Progress in defining the principles of management in recent years has made the foreman's position as responsible as it ever has been. *Industrial Relations*, Dec. 20, 1924.

#### What Should be Labor's Participation in the Conduct of Industry?

Sam A. Lewisohn spoke on employee participation from two angles. Primarily, industry is striving for a maximum output of production. Secondly, industry desires a maximum development of the individual. The success of these factors lies in ex-

ecutive responsibility. The conduct of industry is a great undertaking not to be hindered by any dual control—it should be conscientiously administered by management. Dual control would lead to chaos. Autocratic methods in handling disputes are out of date, and the principle of consultation and common sense, the acknowledged superior. Union speakers believed that any basis of employee participation should be along recognized union lines. *Notes on the New York State Industrial Conference, December 1924*. By M. C. A.

#### The Maintenance of Peace and Stability in Industry

Industrial relations were discussed, and the desirability of a Labor Court to maintain industrial peace was treated from two conflicting standpoints. Mr. Don C. Seitz of the *World* argued that such a court, deriving its own code of laws from the

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customs and present general procedure in labor troubles, was the adequate solution. Mr. Coughlin believed that co-operation between employer and employee, in short, the conference plan, was better than any coercive method. Judges and lawyers are incompetent of unbiased opinions in industrial conflicts. *Notes on the New York State Industrial Conference, December 1924.* By M. C. A.

### The Peaceful Solution of Industrial Disputes

Whether unions are constructive forces working for the benefit of the employer as well as employee is a matter of debate. Any tendency to suppress competition means a blow at liberty. In respect to wages, there is the "Living Wage" contention against which was placed the more desirable "Saving or Retiring Wage" scheme. Industrial disputes should be settled by mediation and arbitration, not by the absolute "Big Stick" method. Governor Smith concurred in this opinion, urging conciliation in place of coercion. Inasmuch as corporations have outstripped education, the people at large should be informed of the great constructive progress of industry; lantern slides aptly demonstrated the comparison between ancient man-power and modern machine methods in doing work. *Notes on the New York State Industrial Conference, December 1924.* By M. C. A.

### The Kingdom of God in a Foundry

The story of John J. Eagan who became president of the American Cast Iron Pipe Company, a corporation which he had seen grow from almost nothing to the successful pipe making plant in Birmingham, known as Acipco, with a selling force covering almost all America. His plan was that the earnings upon the company's common stock should be paid to the two boards,—the Board of Management and the Board of Operatives, as trustees, to be used by them to insure to each of the employees of the company a decent standard of living, which, in fact, the employees had not hitherto been enjoying. These two

boards were to be the sole judges of the amount needed to accomplish this.

John Eagan regarded his property, like his business skill, as a trust; at his death he willed the common stock of the corporation he controlled in trust for his workers and the pipe purchasing public. By Marion M. Jackson. *The Survey*, Dec. 1, 1924, p. 255:4.

### The Philadelphia Rapid Transit Co-operative Plan

A detailed description of the P. R. T. committee system. The problems subject to review by the committees are not limited in scope, but include the whole range of labor relations. The plan also includes a co-operative welfare association, organized to administer sick benefits, insurance and pensions, and financed equally by the members and the company. An extension of this activity is the Helping Hand Fund which tides over families temporarily in financial difficulties. There is also a Co-operative Savings Fund, and a Co-operative Wage Dividend Fund. The latter is kept intact to be used to purchase P. R. T. common stock, one-fifth of which the employees have obtained in two years. Since 6 per cent dividends are being paid on the stock and since the employees purchased their shares at an average price of \$30, the men are receiving a 10 per cent. return on their savings. Indications are that they will soon secure financial control of the company. Information regarding the varied activities is transmitted by a little paper called "Service Talks." Admittedly, the personality of T. E. Mitten has contributed largely to the success of the plan. The future, should the employees secure financial control, offers interesting possibilities, as to how labor will react in the role of capital. By Donald Dwight Kennedy. *Industrial Management*, Dec., 1924, p. 367:6.

### Employee Representation on the Railroads

There is need for fuller appreciation of what the movement is all about. There is

as yet no clearly defined body of principles to guide it, no clearly determined direction for growth. It is dangerous in these times for management to move without a clearly defined dynamic creed and a tested technique. An ultimate integration between a new type of unionism and employee representation is not impossible. In some industries already, some of the railways, the garment industry, and others, certain forms of shop representation and unionism are working side by side. The essential thing in employee representation conferences is to get at the truth and to reach decisions as promptly as justice warrants. Nothing is more fatal to the success of the movement than the conviction on the part of workers that essential facts are lacking. By Henry Clayton Metcalf. *Railway Age*, Dec. 13, 1924, p. 1062:4.

#### Why Our Workmen Produce 30% More Than They Did

A description of the committee system at the Joyce Establishments at Grenoble. In connection with this article Henry S. Dennison comments on the significance of the members of the works council not being elected but consisting of all those of longest service. By Emile Romanet. *Factory*, Dec. 1924, p. 782:4.

### 658.51 Planning: Job Analysis, Standardization, Routing

#### The Problem of Delivery Equipment

A discussion of the costs and relative merits of methods of distributing bakery products develops the fact that under favorable conditions, the electric truck is the most satisfactory. Results of a questionnaire issued to bakers by the Food Research Institute, and similar data gathered monthly by a firm of bakery cost accountants give interesting details. Bakers of

### 93% of Bethlehem Employees Vote for Representatives

The Bethlehem Steel Corporation has announced that 93 per cent of the company's 70,000 employees participated in the election of fellow workers to represent them in dealing with the management. This represents an increase of 10 per cent compared with the number of employees voting at the election last year. Three hundred and four representatives were chosen, of whom 150 were re-elected.

About 95 per cent of the employees elected as representatives, according to the company, are American citizens, of whom 41 per cent. own their own homes. All employees, to be eligible to act as representatives, must have their first citizenship papers. The average term of service of these representatives is twelve years.

According to the company, the Bethlehem plan of employees' representation provides that all workers, individually or collectively, are trusted to make their own decisions. It differs from other plans in that elected employee representatives, operating by themselves and in touch through committees with the management, pass on every employment problem not previously settled satisfactorily by regular plant authorities. *N. Y. Times*, Dec. 18, 1924.

### 658.53 Production Records: Time Cards and Performance Records

#### Production Control Minus Red Tape

When the mechanism of production control begins to swamp the management with

figures and pile up accounting costs, it defeats its own purpose. Vesta Corporation cut the accounting labor on this work from

six people to two. A few simple charts and analyses should provide all the information necessary for co-ordinating processes involved in producing varied lines. By Chester M. Angell. *Management*, Dec. 1924, p. 58:3.

#### How We Maintain a Smooth Flow of Production

The vice-president in charge of manufacturing at the Packard Motor Car Company describes how their production is conducted by a schedule-control board. By E. F. Roberts. *Factory*, Dec. 1924, p. 794:4.

#### Curtis Publishing Company's Production Standards and Employment Methods

The company has established what they consider the largest possible production under ideal conditions. They have then taken 60 per cent of this peak and established it as the standard which a worker must attain in order to earn his day's pay. Every bit of work produced in excess of this is subject to increased compensation. The record is made each day so that at the close of work every worker knows whether or not he has earned his pay and how much extra is due him for that day. He also receives financial and moral recognition of his extra achievement. Most efficient workers earn a fourth more than their salaries. In the past low production of many workers was due to the fact that they did not know how much was ex-

pected of them. Why work hard when they could get away with so much less and were not paid for extra effort? Production is now greatly increased and there is a saving to the company in actual dollars of between a quarter and half a million a year. *The Society of Industrial Engineers Bulletin*, Dec. 1924.

#### How Many Hours Do Your Drivers Work?

Most laundry owners must depend upon their drivers or salesmen to bring in the bulk of their business, and, therefore the amount of work actually brought in by these drivers determines in a great measure the amount of business which the laundry plant will handle. Recently the manager of a laundry company which operates several plants told of a check-up made in one of their plants which developed some very interesting and surprising facts in connection with their collection and delivery. Investigations disclosed unnecessary delays, and the wasting of a great deal of time on the part of most of their men. As it is a physical impossibility for the laundry owner to check the movements of each driver, some managers place recording meters upon their laundry trucks, showing each time the driver stops and how long he stops at each point. This machine also enables the laundry owner to know the approximate speed at which the truck has been traveling. *The American Outlook*, Dec. 1924, p. 8:3.

#### 658.56 Shop Organization: *Methods, Salvage, Waste, Job Assignments*

##### Low-Cost Handling of Coal and Ashes

A revolving filler for buckets, bucket conveyor leading to elevator, elevating section of bucket conveyor, drive mechanism for conveyor, car for carrying coal to bunkers, incline railways over coal bunkers, skip hoist for ashes just after discharging and a diagrammatic layout of the conveyor system from filler to discharge hopper are illustrated in this detailed description of the operation of an economical equip-

ment especially suited to a manufacturing plant which generates its own power. The approximate cost of handling coal from the delivery truck to the boilers is nine cents a ton, including maintenance and repair charges. The handling of ashes costs 2½ cents per ton, including maintenance costs, and repairs to steel hopper and ash bunkers. The equipment is inspected every Thursday. Experience of the George Ehret Brewery in cost of maintenance and re-



pairs during ten years has been \$4,000, limited mainly to bucket rods, portions of chain, and rusted out parts of hoppers and bins. By Fritz Schultz. *Management and Administration*, Dec. 1924, p. 623:4.

#### 658.58 Shop Maintenance:

##### Maintenance

Gearing up both plant and equipment for low-cost production includes care of

belts, shafting and hangers. The mechanical engineer of the George E. Keith Company points out some power economies that are readily attained. A rigid inspection and lubrication of belting by someone who understands it will reduce the number of breakdowns and lower belting cost. Constant inspection to keep the shafting level and in line will avoid overloading and its incidental friction. By K. D. Hamilton. *Factory*, Dec. 1924, p. 790:5.

### 658.8 SALES MANAGEMENT

#### 658.82 Sales Promotion: *Letters, House Organs, Advertising*

##### Industrial Research and Resale Ideas

Every company which maintains a research laboratory should make every effort to co-ordinate this work with that of its salesmen and its sales promotion department by keeping salesmen continuously informed of laboratory experiments. Bulletins should be issued by the research department and sent to salesmen to help make each salesman a traveling representative of the research laboratories. Translation of the results of industrial research is essential if facts discovered in the laboratories are to become real resale ideas for the big customer and for the general public. By Joshua C. Brush. *Printers' Ink*, Nov. 20, 1924, p. 85:4.

##### How Warehousing Can Prevent Seasonal Manufacturing

Second article of a series on increasing sales and reducing costs through warehousing, based on a two-year field survey of the entire country. The modern idea is deliberately to estimate the year's demand for the goods and run the plant at that even pace which promotes manufacturing profits. Irregular operation gives way to every-week "work." The output is warehoused. It is not stored at the factory. The goods are shipped to public warehouses selected with reference to their ultimate distribution. Such warehouses

supply the deficiencies of factory storage. It has not always proved to be advisable to provide their own storage facilities for manufacturers whose product is such that it cannot be forced upon the market evenly throughout the year. By H. A. Haring. *Printers' Ink*. Dec. 4, 1924, p. 107:5¼.

##### Quality vs. Quantity of Inquiry in Mail Order Today

Sears, Roebuck and Company shape their policy to make their catalog valuable to actual buyers of merchandise instead of merely attractive to those with a curiosity complex. At the present time they are advertising in a way calculated to cut down requests for their catalogs from all except those bona fide inquirers who intend to buy. The high grade mail-order house can afford to spend what it costs for a better quality of inquirers. By D. M. Hubbard. *Printers' Ink Monthly*, Dec. 1924, p. 60:1¾.

##### Heart-to-Heart Selling as Viewed by a Banker

In carrying out the principle of the human touch in industry as applied to the methods of the Bowery Savings Bank of New York there is an effort to make every piece of advertising copy of specific service to the reader. It should contain some help-

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ful suggestion that might be beneficial to the reader whether he ever comes to the bank or not. Should the savings banks and the business banks in New York and in the industrial centres all over the country adopt the attitude that they are simply public servants, with no axe to grind it will give their foreign fellow citizens an entirely different view about Americanism. They will see that they are not being exploited. If that form of graft can be stopped and if it is possible to show them that the natural place for them to come is to the bank a great thing for them has been done, and incidentally a great thing has been done for the bank. By William E. Knox. *Printers' Ink*, Nov. 20, 1924, p. 134:2½.

#### How Sampling Is Effectively Used by E. R. Squibb & Sons

A detailed analysis of "Squibb Week" as a gigantic sampling plan that intelligently co-ordinates sampling and advertising. In this campaign the weekly magazines carried announcements of the "week." Folders, telling of the offer were furnished to druggists for mailing to their customers, as were also display cards. All of these units, consisting of advertising, cards, circulars, and Week Packages were placed in portfolios for the use of their salesmen. The results convinced this company that this form of advertising can be of genuine benefit to manufacturer, dealer and the consumer. By Theodore Weicker. *Printers' Ink*, Dec. 11, 1924, p. 127:3¾.

#### Big Sales Conventions Are Being Split into Local Meetings

One advantage on the side of the sectional sales meeting is the increased facility with which demonstrations of new models may be made. Store racks, display cards, and helps of various sorts are often shown to better advantage before a small gathering than before a large one. Sometimes there is a new sample case to explain, which can be done more effectively before twenty men than at one end of a large and crowded room. Local sales meetings foster real in-

ter-branch sales contests; the men will plan and scheme out ways to beat the other branches where no such planning would ever develop if all the men got together in the same meeting. Where the men meet on their home grounds they seem to have less desire to dawdle over the meeting. There are no sights to see or big meals to gormandize, or expense accounts to be padded. This results in prompt action and the sectional meeting of course enables the man to get back into his territory the day after the meeting is over. By Frank L. Scott. *Printers' Ink*, Dec. 4, 1924, p. 41:3.

#### The Strategy of Sampling in Industrial Marketing

The most important thought in connection with this whole problem of sampling is this: "Whatever you sell, work out some effective way to sample it, for sampling is to selling what testing is to eating; and whatever method you devise, build it snugly into your sales and advertising plan." Promiscuous sampling is wasteful. Sampling that is not taken seriously enough to be followed up earnestly for possible sales represents inexcusable extravagance and slipshod sales administration. But a carefully worked out sampling scheme, dovetailed into the firm's advertising and followed through by the sales department, may be made one of the most effective and economical elements of an industrial marketing program. By Robert R. Updegraff. *Advertising and Selling Fortnightly*, Dec. 17, 1924, p. 15:2½.

#### Manuals of Executive Duties and House Policies

This report deals with methods employed in various lines of business for compiling standard practice manuals of executive duties and house policies. Several of the manuals discuss the subject of promotion from within the organization, in which the sales executive is often called upon to make recommendations. *Report No. 186. The Dartnell Corporation.*

## 658.86 Salesmen: Selection, Training, Compensation

### Salesmen's Commissions Adjusted to Favor Company Products

The manufacturer who must handle jobbing lines as well as lines of his own manufacture finds it difficult to prevent the jobbing lines from absorbing the time of the salesmen to the neglect of the company's own lines, while at the same time giving proper representation to these jobbing lines. The first and most elementary requirement of good sales control is a record that will show by salesmen, individually, the proportion of sales of company lines and jobbing lines. One manufacturer handling jobbers' lines finds salesmen's commissions the key to getting his own lines featured. By Richard Warren. *Printers' Ink Monthly*, Dec. 1924, p. 37:1¾.

### The Training of Salesmen

The training of salesmen begins before they are hired. It is probable that the sales field is spending from ten to twenty-five per cent of its initial pay-roll unnecessarily, because the men on that pay-roll haven't the proper percentage of chance to succeed. It is suggested then that you write a prescription for your salesmen, meaning the sort and kind of qualities, the characteristics, that you look for in the man who is going to sell your goods. If, for instance, he is going to sell goods in a boiler factory, he has got to have a voice that will be heard in a boiler factory. It is also true that there are certain ages especially suited to certain work. The physical qualifications take in age, health, and endurance. The next essential is to find out about his mental condition, his general intelligence and his memory. Address by Ralph Barstow. *The Exec-Club News*, Dec. 9, 1924.

### Summary of Methods Found Most Effective in Securing Salesmen

Better methods for recruiting candidates for sales positions, the opportunity of sales executives to "hand-pick" salesmen, the

careful attention given to the training and development of raw material, has reduced the turnover in salesmen by 34 per cent in 176 lines of business in the last two years. Such matters are discussed: When, and when not, to use classified advertising, how to word classified advertisements to eliminate floaters, when it pays to recruit entirely from the factory and office, and how inquiries should be handled. *Report No. 194. The Dartnell Corporation*. 38 pages.

### What a Sales Manager Owes His Men

A sales manager's greatest duty to his men is to help them see clearly, to keep them out of ruts, and to show them how to help their customers. One of the biggest things that will accomplish this is to sell the salesmen on the policies of the house. The sales manager's biggest job is to keep in close touch with his men, so that the conditions in their territories, when unfavorable, do not rob them of their perspective—their confidence in the house, the product and in the business itself—in short, to wake them up—and keep them awake. By Carl E. Sommer. *Sales Management*, Dec. 1924, p. 1841:2.

### The Salesman and His Car

Theoretically, the man with an auto ought to be able to do much more real selling and get a much larger volume of business than the man without an auto, but all too often results do not bear this out. The answer seems to be that selling without a machine is harder work and takes longer hours, while selling with a machine is easier work and can be done in fewer hours. The resulting volume of business is surprisingly alike, but the man with the auto has a much easier time of it. One firm gets around this by having their salesmen buy their own cars and finance them out of an allowance from the company originally intended for carfare and railroad mileage. By V. V. Lawless. *Advertising and Selling Fortnightly*, Dec. 17, 1924, p. 23:2.

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## 658.89 Salesmanship

**What Are You? A SALESMAN or a Sales MANAGER?**

Sales managers are divided into two classes—those who have sold goods on the road and those who have not. The qualifications of a good executive are analyzed, and it is pointed out why many good salesmen are sadly lacking in the ability to make good executives, and on the other hand it is shown how men who have never sold a dollar's worth of goods make very good sales managers. By Marsh K. Powers. *Sales Management*, Dec. 1924, p. 1833:3½.

**The Retailer's Greatest Asset**

It seems to be a habit in the commercial world to praise the great trading and manufacturing corporations for their business-like ability in buying and their efficient service in selling cheaply, which are in reality their weakest points. On the contrary their strong points are psychological and sentimental. The great trading concerns know how to influence the popular mind, they know the argument that grips the imagination and they know how to make their knowledge cover a number of disabilities. The point is of great importance to the small trader, for he often allows himself to be deceived into the blunder that he must become sharper, shrewder, and more business-like in order to meet this competition, when in reality what his business wants is rather more of the atmosphere of the rest parlor, and a more generous regard for the needs of human nature. By Albert E. Bull. *Business Organization and Management*, Dec. 1924, p. 209:5.

**Salesmen's, Agents' and Distributors' Contracts and Agreements**

The general tendency among successful business concerns is stated, and the advantages and disadvantages from the standpoint of the legal principles governing contracts are pointed out. The specific conditions under which a formal, written contract is advisable are given as well as the general

advantages of the more flexible "general understanding" which leaves both parties free to exercise initiative and meet new conditions as they arise. *Report No. 196. The Dartnell Corporation*, 15 pages.

**The Package Problem as a Factor in Sales and Profits**

For many years the trend to a smaller sales unit has been evident in practically all lines of merchandise, and has proved an important factor in sales and profits. Recent investigations have established that still greater economies may be effected by adoption of the smaller units in manufacturing and shipping departments. The experience of several varied industries is outlined. By C. W. Hamilton. *Sales Management*, Dec. 1924, p. 1901:2.

**Are We Going Too Far with Turnover Talk to Dealers?**

The argument of turnover is emphasized by most salesmen in talking to the dealer, but it is suggested that it is possible to go too far with this argument. Overselling on the turnover idea may condemn a product to obscurity on the dealer's shelf and result in a serious drop in volume. By A. J. Reiss. *Sales Management*, Dec. 1924, p. 1845:1¾.

**Libby Sells in Rome as It Does at Home**

An interview with E. G. McDougall, president of Libby, McNeill & Libby. After an experience of more than forty years in selling food products in other lands, Libby now is ready to conclude that the human attributes which must be taken into account in building up a demand for an article among the Malaysians in Java do not differ from those among Americans or Englishmen. All of which is interpreted as meaning that a successful export proposition must be based on six major premises: 1. Branded goods of unvarying merit. 2. Consistent advertising administered in a way that will steadily build on the cumulative basis. 3. Distribution on a plan that will insure the re-

tailer sufficient turnover. 4. Helping the dealer sell the goods, and teaching him the part he has to have in creating consumer acceptance or demand. 5. Striving continuously to keep prices at the lowest level consistent with quality. 6. Getting the right kind of men to do the work. By G. A. Nichols, *Printers' Ink*, Nov. 20, 1924, p. 33:4½.

### Market Analysis

The Taylor Society's session on Sales Management, which occurred Saturday morning, December 6th, was devoted to a discussion of Market Analysis. Arthur Livingston, Manager of Research, McKinney, Marsh & Cushing, presented a very able paper on market analysis, stressing the fact that sales records should give sales by salesmen, by counties or cities, by styles or varieties of product, and by classes of consumers sold, in order to enable the Sales Manager to handle his force most effectively. He also devoted some time to methods of arriving at district figures in setting up sales quotas.

Mr. Paul T. Cherington, Director of Research, J. Walter Thompson Co., commented on Mr. Livingston's paper and made the criticism that his discussion did

not cover the qualitative element of markets sufficiently—enlarging on the necessity of studying the consumer by districts statistically from the standpoint of nature, wealth and general characteristics.

David N. Walker, Jr., Phenix Cheese Co., and one or two others participated in the discussion, which brought out many points of interest in regard to a subject which is of paramount interest at this time. By Dwight T. Farnham.

### Don't Block the Way to Better Distribution

An interview with Edward A. Filene who feels that distribution is far behind other advances in the business world. The present condition calls for the unprejudiced consideration of all the phases of our national industrial problems, a broad and fearless view of international conditions, and a willingness to change when it seems advisable, because never before has his business filled such an important place in its relation to the country's industry. Mr. Filene has been advocating the formation of large "vertical trusts" in America for the purpose of developing mass production and mass selling. By James True. *Printers' Ink Monthly*, Dec. 1924, p. 19:3.

## Survey of Books for Executives

**Cost Accounting Fundamentals.** By L. T. Konopak. Ronald Press, New York, 1924. 235 pages. \$3.00.

It is a somewhat delicate task for a writer on cost accounting to review the work of a brother author on this topic. He never knows when the tables may be turned and he find himself being reviewed by his erstwhile reviewee! His natural inclination is, therefore, to feverishly grasp at those sentiments with which he is in accord and to applaud these, in this way doing honor not only to the author but also indirectly to himself. And as regards those things with which he is not in accord he is inclined to act like a crafty commentator who hides his ignor-

ance of the meaning of an obscure passage by saying nothing.

There is much in Mr. Konopak's book which we approve of, but there is as much with which we disagree. If Mr. Konopak would eliminate those portions of his book with which we do not agree he would have left a most excellent treatise on the subject though perhaps a slim one! Nevertheless, if what was left were fully understood by all manufacturers, industry would be greatly benefited thereby.

On page 4 Mr. Konopak makes the following statement:

"Particularly for their benefit (viz: the financial and marketing executives) the costs should always be computed upon the



basis of normal production regardless of the actual production."

This is not a new thought—it was emphasized by the late Mr. Gantt in his book, "Organizing for Work," when he stated that:

"The indirect expense chargeable to the output of a factory should bear the same ratio to the indirect expense necessary to run the factory at normal capacity, as the output in question bears to the normal output on the factory."

But, nevertheless, many cost accountants overlook this important point and still saddle the machine which works with the cost of the machine which is idle, so that in times of depression the costs if used as a basis for making selling prices are too high to meet competition. The result is that production is further decreased by losing business through quoting too high and costs correspondingly increased thus forming a vicious circle until at last the sales manager in desperation says, "To the devil with the cost system," and goes ahead regardless of what the cost department tells him. Chapter XIV on the Cause and Effect of Unabsorbed Overhead should be read by every manufacturer and cost accountant who believes in absorbing all expenses in costs regardless of whether the factory is operating at full capacity or not.

The method of using charts to show the effect on profits of varying volumes of business in Chapter XVI is excellent. It is in line with the most progressive accounting thought of to-day which regards the sphere of the accountant as not being confined merely to recording past events, but expanded to include the function of foretelling the results which may be expected to follow from the adoption of a certain proposed line of action. The modern accountant, therefore, no longer considers his duty performed if he reports the fact that the milk is split—he endeavors to point out in advance that if a certain thing is done the milk bottle is liable to be dropped and thus perhaps to prevent the catastrophe occurring at all.

During the last few years a great conflict in cost accounting circles has raged between the adherents of what may be termed retrospective cost accounting and the exponents of standard cost accounting. Under retrospective cost methods the work of the cost accountant is confined to apportioning expenditures, whether of material, labor or overhead, to the cost of individual shop orders—a laborious, and expensive method of cost accounting which when all is said and done gives results entirely inadequate to the expense and trouble involved. Under the standard cost method costs are predetermined, in other words, standards are set, and the efforts of the cost accountant concentrated on recording and analyzing by causes, variations from these standard costs. The cost accountant, in other words, is applying the principle of exceptions—for instance, in the case of a factory where a large proportion of the operations are performed on a piece-work basis he makes no attempt to analyze his piece-work payroll into the cost of individual articles as his piece rates and standard labor costs would be identical and the posting of the piece-work earnings to individual cost sheets mere waste of time. In place thereof he concentrates his attention as regards operations which according to the standard costs should be performed on piece work to recording the excess cost of doing these operations or day work when the necessity for doing them on this basis arises.

But Mr. Konopak, though a believer in standards, is not satisfied with either of these methods—he wants them both! Accordingly, he superimposes upon his detailed or job order costs a comparison of these detailed costs with standards and thus not only loses the benefit of the great saving in clerical expense resulting from eliminating detailed costs but further increases the burden by introducing the standard feature.

Imagine how this method would work out in a factory where thousands of different parts are manufactured involving the performance of tens of thousands of dif-



ferent operations—visualize the thousands of detailed cost cards and the everlasting posting of labor distributions and material requisitions. And on the top of it the comparison of these tens of thousands of costs with standards! It could be done, of course, if expenses were no object but assuming it is done who is going to make use of the immense amount of information obtained—who is going to sift the wheat from the chaff?

The job order cost method which Mr. Konopak advocates has been weighed in the balance and found wanting—it defeats its own object by swamping the cost accountant and the management with a sea of detail and it is horribly expensive. If Mr. Konopak were to try out this method in say a bolt and nut factory manufacturing ten thousand different items we are confident that his next book would merely refer to the job order method of cost accounting as a horrible example of what not to do.

G. CHARTER HARRISON,  
*Consultant in Management.*

**The Causes of Industrial Unrest.** By John A. Fitch. Harper & Brothers, New York, 1924. 419 pages. \$3.00.

John Fitch gives us in this book the ripened fruit of many years' thinking. It is a wholesome, clearly written, open minded and yet disappointing work. In the very nature of things probably it is impossible at this time for anybody to produce a wholly satisfying book in the field of labor problems. The sea is too choppy yet! But this is an excellent try at the job. Although the first chapters are rather thin and elementary, the interest grows as the author gets into his real stride in the chapters where he analyzes his own rich experience.

His primary purpose is to show that "whether the activities of working people in the defense or in the extension of what they believe to be their rights are wise or unwise, they are not irrational. It is possible for a reasonable man, whether he approves of them or not, to understand

them if he will try to put himself in the position of the actors." His point of view is revealed at the outset: "I do not regard unrest or struggle as undesirable in themselves. . . . It is not unrest that need concern us, but rather that the channels for expression of unrest shall be open and unobstructed." It is confirmed at the end in terms of a definition: "The labor movement, whatever its superficial aspects may be, is essentially a movement in the direction of a changed status for the wage-earning class."

The foci, so to speak, of unrest are judged to be the work period, inadequacy and uncertainty of income (including unemployment and the living wage), industrial hazards, hostility of and repression by employers, ineffectiveness or downright hostility of government. The diagnostic signs are clear—strikes, labor turnover, absenteeism, indifference, withholding production. Labor's point of view on these problems is clearly wrought out. But the author analyzes the employer's case against organized labor clearly and fairly also, in the familiar terms of the sympathetic strike, jurisdictional disputes, restriction of output, closed shop, breaking agreements and violence. The general objection that labor is never satisfied he meets squarely with the dictum that labor's demands, like those of capital, are unlimited. The reviewer is grateful for this forthright statement; it brushes off the whitewash of false idealism with which so many writers on labor attempt to furbish up the worker's demand for all they can get. With equal frankness and penetration Fitch explores the employers' frontal attacks and their indirect, subversive attempts to destroy or "jimmy" labor organizations. He is particularly vigorous in his condemnation of employers' "private armies" (spies, private police, company deputy sheriffs and the rest of their graceless ilk). The chapter on company towns is very telling because partly autobiographical. The author's judicial temper is revealed in his frank parallel between the despotic government of company towns and the rampant anarchy

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of Herrin. His exposition of the two-edged character of company unions may prove to be prophetic and deserves prayerful consideration by personnel leaders. He is pretty severe on legislatures and courts; but as Judge Andrew Bruce has demonstrated in "The American Judge," the remedy is not necessarily La Folletteism, but lies easily within the hands of the courts themselves as now constituted. From the scholarly standpoint Fitch reaches high water in his chapter on the legal right of the workers; his clear distinction between the workers' *rights* and their *power* is a very valuable criterion for judging labor tactics and history, and gives point to the judgment that "the whole history of organized labor . . . shows it to be a movement that is as much concerned with the retention of power as it is in securing improved conditions."

The author's conclusions are hopeful: he finds constructive signs in both camps. Labor begins to recognize the need for elimination of waste and efficient production, and to educate itself; it seeks to harmonize rights and power through fostering trade agreements and arbitration. The employer contributes through health and safety measures, scientific personnel work, and increasing attention to the problem of unemployment.

Nobody will agree with all the author's positions. For example, it is easy enough for him to declare that "neither a day's work nor a day's pay is a fixed and absolute quantity, like a pound or a square yard," but it is perfectly possible to fix by positive experiment rational production standards. The assumption that capital receives a fixed return (p. 397) regardless of labor's plight is belied in every period of depression by dividends passed. His discussion of changes in labor's status is thin and not in the same class with Commons' *Industrial Government*. He echoes the suggestion that labor has a right to a return on the only investment it can make (its labor power), but lets it go at that and fails to follow through with any hint of how much that investment amounts to, how it could be calculated, or what a

proper return should be. Nevertheless the book stands up well as (what Professor Commons calls it) a bit of patient investigation and calm interpretation.

ARTHUR J. TODD,  
*Labor Manager,*  
*B. Kuppenheimer & Co.*

**Psychological Tests in Business.** By A. W. Kornhauser and F. A. Kingsbury, University of Chicago Press, 1924. 184 pages. \$1.85.

The joint authors of "Psychological Tests in Business" have therein contributed an interesting and at the same time a much needed ballast to the still unsettled field of psychological testing. They have described the scientific procedure of psychology in a clear, concise manner, and have presented with rare impartiality a summary of both the successes and the failures of psychological tests in industry.

The first two chapters are concerned with the definition and description of psychological tests and the scientific method of constructing them. Tests are classified in a number of different ways, the description of each type being accompanied by a statement of the relative advantages and disadvantages of its particular application. An infinite variety of tests is, indeed, necessary, for as the authors state, "the notion of vocational selection as 'fitting the square pegs into the square holes, and the round pegs into the round holes,' is an inadequate statement of the problem. People are not like pegs of a few standard shapes. They do not fall into a few fixed types. If each person possesses a practically unlimited number of traits, and if each of these may exist in any degree from zero to maximum, the possible varieties of individuals are seen to be infinite. . . . Likewise, job demands are almost as varied as are people."

In view of the obvious complexity of the problem, it is essential that the value of the tests be scientifically determined—that they be subjected to scientific proof. The reasons for and the ways and means of such scientific procedure as outlined in the second chapter would be most bene-

ficially enlightening to such persons—and there are many of them—as are so confident in their own knowledge of human nature that they consider their subjective estimate of an individual, or consider their own evaluation of answers to a few questions arbitrarily propounded by themselves, an adequate measure of that individual's ability.

The third and fourth chapters report tests which have been tried for office and for non-office occupations. In many instances the type of test which was used is indicated. It is perhaps regrettable that this practice was not followed throughout as it would have undoubtedly increased the interest of the book without giving undue suggestion to untrained testers. The authors have, however, covered the field of experiment, and the numerous footnotes as well as the suggestions for further reading given in the appendix, offer a mine of more specific information to those who are interested to look for it.

The last two chapters are perhaps the most interesting. Having described tests and the methods of standardizing them, and having recounted instances in which they have been tried, the next step is to describe the place of tests in the personnel program, and their relation to other methods of selection. Finally the outlook of tests in business, both in this country and abroad, and the various conditions and attitudes of interested groups of people influencing it, are considered. The authors feel that "we may be optimistic" about the future of tests. "Potentially they may do much. Actually, however, let us recall that we have only a few promising beginnings in any of the directions that have been mentioned."

The book is written in a very general way. It would, in fact, be impossible to include statistical data for the numerous studies which are reported without tremendously increasing the size of the volume. Probably, however, this increases its interest, since it serves the double purpose of giving an impartial survey of psychological testing written in a not too

technical style for lay readers, and of being at the same time an exceptionally fine reference book for those actively engaged in psychological research or in personnel work. In presenting the situation just as it exists today, the authors have succeeded in showing how the weak points of psychological testing may gradually be corrected, and they have given its good points without unmerited enthusiasm. They have made a notable contribution to the foundation upon which the science of testing is being built.

J. R. GLASCOCK, *Psychologist*,  
R. H. Macy & Co.

**The Labor Movement in a Government Industry.** By Sterling Denhard Spero. Doran, New York, 1924. 304 pages. \$2.00.

Although it is not specifically stated, it is assumed that the purpose of the book is educational. The first three chapters, or Part I, deal with the general aspects of Civil Service Unionism; the remainder of the book, Part II, deals specifically with organization of Postal employees.

In Part I, many highly controversial phases of Civil Service Unionism are treated. Such points as the sovereignty of the state idea, including the concept of the government as the agent of the whole people; growing out of this, the idea that public employees are all in the same category regardless of the work they do, whether soldiers or street cleaners; the attitude that government jobs are "soft" and the facts of actual driving methods employed, politics, and inflexible wage scales; the open shop and closed shop among government workers and the dangers of Civil Service restriction; all these are touched upon as necessary background before the study of any particular branch of public service may be adequately considered.

The growth of organization in the Postal Service is traced and fundamental issues are described in Part II. Particular attention is paid to the so-called "gag rule" inaugurated by Roosevelt and carried on in

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greater or less degree down through the Burleson régime. The carelessness which let conditions grow up such as existed at the Chicago office, and the continued use of obsolete, unsanitary and unsafe wooden mail cars are tellingly depicted. The demoralizing results of a meat-axe economy program are clearly shown in the description of the Taft "take-up-the-slack" order and the Burleson "Economy" program.

An interesting chapter is the development of a "Pitiless Publicity" campaign carried on by the "Harpoon," an employee magazine, a publication which was largely instrumental in the passage of the Lloyd-LaFollette Act. This Act has always been construed to mean a recognition of the right of Civil Service employees to organize and to affiliate with the A. F. of L.

The book makes an honest attempt at an impersonal presentation of the facts. For instance, the activities of the Dockyard Union in unduly raising the wages of dock hands in Great Britain are shown; the early activities of the Carriers' Association are handled without gloves, as is the Promotion Syndicate Scandal of the Clerks' organization; the political activities against Congressman Loud, ultimately resulting in his defeat at the polls, as the corollary of his anti-organization attitude; these and other instances of employee lapses are cited. But in spite of the attempt at impartiality the writer's bias in favor of the employees seems quite apparent. It appears partly through what is said and partly through what is left unsaid. As an example of the former, the following is quoted from pages VII and VIII of the preface: "The position of organized labor is firmly established in America, but it is still subject to hostile attack at its very foundations. Employers everywhere are jealous of their power and would, if they could, hamper and restrict the activities of their workers. The Government not only shares this attitude but it is in a position to enforce its desires in this respect more effectively than other employers, for the state, even in democracies, still wears a royal crown set with

jewels of sovereignty." As an example of the latter, in defining the position of the Civil Service employee, Dr. Butler and others are quoted, while little space is given to the justice of their arguments. The implications of such a statement as appears on page 34, that a "strike could hardly have harmed the service more" are fairly obvious.

Dr. Spero's book is very readable and always interesting. Furthermore, it contributes information concerning a section of labor organization about which very little is known and that little very much misunderstood.

JOHN S. KEIR, *Economist*,  
*Dennison Manufacturing Co.*

**How America Lives.** By Harry W. Laidler, Ph.D. League for Industrial Democracy, N. Y. 39 pages. 10 cents.

The pamphlet "How America Lives—A Handbook of Industrial Facts," recently issued by the League for Industrial Democracy, contains in brief form the challenge which the progressive groups in American Industry have accepted so assiduously in recent years, particularly since the Great War. Within a few pages there are assembled fragmentary cross-section data on income and wealth distribution, wages, living costs, unemployment, child labor, industrial sickness and accidents, illiteracy, housing, and waste in industry. The picture drawn represents the labor problem in America as viewed by many professional social reformers. The attention of all groups, particularly those who are in a position to upgrade the social standards, cannot be called too often to these conditions. Thus far the pamphlet deserves approval.

The desired usefulness of the pamphlet lies "in correcting a number of false impressions that have gained currency regarding the actual living conditions of the worker." As a statement of "facts," the value of this collection of information is almost entirely neutralized by the complete absence of correlary data on the relative level of our social standards as contrasted with the rest of the world and of data



which show the progress made toward the alleviation of these recognized evils. Those initiated in this field of information and who at the same time are looking for additional constructive measures are well aware that America is leading the world in the matter of living standards and that our industrial organizations both of labor and of capital are bringing about continuous improvement.

The data given is so set up as to place the responsibility for all existing social evils solely at the door of "men whose main object is profit." "The strong opposition of those who are running industry for profit and not for service" is alleged to exist "at every turn" of those who aim at the eradication of the specific evils named. Too often generalizations of this kind result from a failure to recognize that profit is probably no greater as a stimulus among managers than the desire to conduct a "successful business" of which profit is only an evidence. The idea that profit and service are twin brothers is contradicted by inference if not by direct statement.

The author hoped that the facts as presented "will lead to a keener realization of the need for industrial change." One changed condition sought is a health and decency standard in industry. The author urges that if a satisfactory standard of health and decency is going to be reached, it must come primarily through the reduction of industrial waste and not through a redistribution of wealth. There is little appreciation shown for the fact that most income from capital is put back into an expanded industry which provides more work under better working conditions.

The author places his hope on "the devoted efforts of those who have caught the vision of a more brotherly world." This is to be attained through the spread of the field of co-operation and the consequent restriction of the field of competition in life. There is an utter disregard for the considerable extent to which the spirit of co-operation in industry has already taken hold in industry.

This adversely critical review of a rela-

tively unimportant document is prompted by a desire to see the real challenge to industry presented in a more forceful manner, yet with full consideration for the widespread service motive already existing in American industry. As presented, however, it is a serious question whether or not publications of this kind do more to retard social progress than to speed it up.

G. A. BOWERS,

*Curtis, Fosdick & Belknap.*

**Filing Department Operation and Control.** By Ethel E. Scholfield. Ronald Press, 1923. 318 pages. \$3.00.

"Jump in here," said the cynical executive to the fugitive from justice, indicating the filing cabinet, "once in there nothing is ever found." The way to avoid this all too prevalent condition in even some of the better sorts of offices is described in detail. The author's broad experience presents many problems incident to making the filing department function actively as a composite memory for the organization. Such mechanical subjects as the purchasing and arranging of equipment and supplies are amply dealt with, even to the selection of paper for various uses, and the organization of files peculiar to certain types of business. An appendix includes figures to be used as a guide in estimating, and a set of definitions and rules constituting standard practice.

The necessary elements of control, and the best operating methods are given adequate treatment.

To the person concerned with the personnel operating the files, chapters on "Selection of Employees" and "Training of Employees," will offer practical suggestions. Miss Scholfield says that for putting marked papers into their folders she "has been particularly successful with workers of considerable nervous tension. Job specification sheets, samples of which are shown, will aid materially in the selection of a worker.

The book can be read and referred to with profit by anyone interested in the subject.

EDITH M. KING.

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**Administration of Vocational Education.**  
By Arthur F. Payne. McGraw-Hill,  
New York, 1924. 347 pages. \$3.00.

In the preface the author states that his purpose is not to theorize about vocational education, and he holds to his purpose throughout the book.

The contribution made by this book is not an addition to the available knowledge concerning education, but rather makes available in one volume much information about vocational education which heretofore has been accessible only through consultation of a score or more of books, pamphlets and papers.

The extent to which the Federal Vocational Education Act has influenced thought concerning vocational education and the development of vocational education is indicated by the space which this book gives to the law and its operations.

The author states that the book is designed primarily for two main groups: (1) the superintendents of our public schools, and supervisors and directors of vocational education; (2) students in teacher-training in normal schools, departments of education in colleges, and colleges of education in universities. For all of these groups of people the author has performed a signal service, since the book gives the kind of a résumé which these groups will find most useful. In fact, any person who desires to get a general view of vocational education as it is developed in the United States today, will find this book a wonderful help.

Following is a synopsis of contents:

The Place of Vocational Education in a Plan of Education in a Democracy; Definition and Development of the Various Forms of Practical Work in Education; The Federal Vocational Education Law (the Smith-Hughes Act); The Federal Board for Vocational Education; The States; The Funds; The Training Certification and Salaries of Teachers; The Instruction and the Pupil; The All-day Unit Trade School; The All-day General Industrial School; Evening Schools and Classes; Part-time Schools and Classes;

The Line of Authority Established for the Administration of the Federal Vocational Education Law; The Functions and Responsibilities of the Local Administrator of Vocational Education; Supervision of Teaching; The Relation of Vocational and Educational Guidance to Vocational Education; Some Unsolved Problems of Vocational Education.

L. S. HAWKINS,  
*Director, Dept. of Education,  
United Typothetae of America.*

**Principles and Methods of Retailing.**  
By James H. Greene. McGraw-Hill,  
New York, 1924. 281 pages. \$2.50.

Here is a book that is worth while on the subject of retailing. The author is Personnel Director in one of the largest department stores in the country, and is or has been connected as a member of the faculty of the University of Pittsburgh. He has brought to his task of preparation of this book an excellent academic foundation and a wide, thorough reading of business literature.

In this book the author has very properly made full use of what is worth while in previously written books on retailing and has shown, if anything, an over generous professional regard for other toilers in the same field by according the fullest credit to his sources of information. But his book is much more than an up-to-date summary of retail store practice. Mr. Greene has made distinctive contributions from his own experience and thought, particularly in his chapters on Service to which he has devoted nearly a third of his book. His views on Training seem very well founded and highly practical.

Aside from the subject matter the book, consisting as it does, of less than three hundred pages, comes as a happy, delightful oasis in a desert of tomes on retailing running into enormous numbers of pages and not at all suitable to easy reading. This book is simple, clear, well organized, logical, and therefore easy to read. It is just the kind of a book to recommend to the young man or woman in the retail

business who wants to get ahead and has found out the great secret that proper study must be added to experience to make any progress. It is admirable for general reading and instructors of courses in retailing, even if they themselves are authors of other books on the subject, will be glad to give this book at least second place. Better commendation can scarcely be expected.

In the appendix there is presented an outline of a course for buyers and their assistants credited to Fredonia Jane Ringo of the Retail Bureau of the University of Pittsburgh which is about the finest thing of its kind that has so far appeared in print. There is demand in every large retail institution for ideas on how to train buyers and what should go into such a training course. This outline will prove helpful in its suggestions even if not accepted in its entirety. Part II on Merchandising including chapters on Buying, Marking and Receiving, the Budget, and Inventories, Want Slips and Balanced Stocks will supply excellent material for parts of such a course.

PAUL H. NYSTROM, *Director,*  
*Retail Research Association.*

**Problems in Business Economics.** By Homer B. Vanderblue, Ph.D. A. W. Shaw Co., Chicago, 1924. 625 pages. \$5.00.

This is a text-book for use in the classes of the Harvard Business School. Approximately a third of the book is devoted to a discussion of the business cycle and the other two-thirds to problems which illustrate the experiences that might confront various concerns at different periods of this cycle. To the general reader the discussion concerning the business cycle and the forecasting of business conditions is particularly interesting. The intelligent industrial executive need hardly be reminded that there is an ebb and flow in demand and in other business factors which, taken over a sufficiently long period of years, reveals a recurrent cyclical movement of business prosperity. This cycle is,

however, irregular and to all appearances uncertain. Moreover, slumps in markets do not necessarily take place in all industries during the same years. The practical question which concerns the business man is whether any method has been evolved by which he can acquire advance notice of an impending change, so that he may at least be prepared for it.

The only answer available at present (and it is by no means an infallible one) is statistical research. It is still in its experimental stage. But we can say that the firms which have given most study to this instrument of possible control are enthusiastic with regard to the practical results it has brought them. And instead of an abatement of interest since the last cyclical depression, there has been an ever increasing amount of attention to cyclical research by progressive firms, both small and large. This book provides the data for such study in excellent form. Its only possible weakness, from the business man's standpoint, is the apparent confidence of its author and of the Harvard Business School itself in the accuracy of its forecasting methods. The reader must never forget that the means of preparing statistical material to anticipate booms and depressions are only partly developed. The ability to look into the future still depends a good deal upon the active executive's intuitive grasp of the situation, upon his penetration and ability to analyze facts. But in the light of such experience as one is able to gather, the systematic use and development of statistics affecting markets of each particular enterprise and industry cannot be otherwise than of great assistance.

To watch the trend of a particular market in connection with the trend of business in general is just like providing the captain of a ship with one more navigational device. The device may not always be accurate, but at least it points the way and is often a tremendous aid in time of doubt or trouble.

ERNEST G. DRAPER, *Asst. to President,*  
*The Hills Brothers Company.*

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